

# ISDA® JAPAN MONTHLY UPDATE

*March 2013*

## COMMITTEE ACTIVITIES

**REGULATORY:** Contact: Tomoko Morita ([tmorita@isda.org](mailto:tmorita@isda.org))

### Margin requirements for non-centrally-cleared derivatives:

On March 5, a session on a second consultative paper representing a near-final proposal on margin requirements for non-centrally-cleared derivatives by BSBC/ISOCO (the Proposal) was held where officials from Japan FSA explained the outline of the Proposal.

On the Proposal, comments submitted by Japan Collateral Committee members were compiled and some of comments, such as exempting physically settled FX swaps and forwards from all margin requirements, were included in [ISDA's responses to BSBC/ISOCO](#) which was submitted on March 18.

After filing the responses, members were requested to submit the questions on the Proposal that need to be clarified by regulators.

### Trust Bank's Fund Account Sub-Working Group:

It was agreed to officially launch a sub-working group consisting of Swap Dealers (SDs), investment managers, and Japanese trust banks to discuss the issues relating to the swap transactions with Japanese trust accounts, including 1) the application of CFTC's External Business Conduct rules, 2) adherence to August DF Protocol and the Questionnaire process, and 3) obtaining the CICI (in what level the CICI should be obtained). Before the official launch, some members met to discuss the above issues, but it was suggested that it should be discussed among broader membership. The kickoff meeting is scheduled on April 10, 2013. Mr. Atsuya Watanabe from J.P. Morgan, Ms. Kaoru Kusakabe from BlackRock, and Mr. Takuya Shimamura from the Master Trust Bank of Japan were appointed as co-Chairs of the Sub-Working Group.

TRR Working Group: Contact: Kaori Horaguchi ([khoraguchi@isda.org](mailto:khoraguchi@isda.org))

On March 6, a conference call was held to have a subsequent discussion based on a Q&A session between representatives from member firms and DTCC as attendees. The discussion was intended to make Industry clear as many remaining concerned items as possible. This would have been the last round of the call sessions in this regard for the time being unless we hear any ad-hoc requests of holding another one.

**EQUITY DERIVATIVES:** Contact Kaori Horaguchi ([khoraguchi@isda.org](mailto:khoraguchi@isda.org))

Further to the several meetings held for recent months within Asia Pacific Equity Derivatives Operations Working Group, having detailed discussions towards the approaches in consolidating the various MCAs for index variance equity swaps used across Japan and AEJ, and producing its matrix applicable for the open markets based on the 2011 Equity Derivatives Definitions.

Latest draft document was distributed in mid March requesting members' comments and it is then expected to be

published shortly thereafter.

## UPCOMING COMMITTEE AND WORKING GROUP MEETINGS / CONFERENCES

<b>Trust Bank's Fund Account Sub-Working Group</b> (Japanese language meeting)	<b>April 10</b>
<b>TRR Sub Working Group</b> (Japanese language conference call)	<b>TBD</b>
<b>ISDA 28<sup>th</sup> Annual General Meeting</b> <b>Singapore</b>	<b>April 23 - 25</b>
<b>Netting and Offsetting Seminar: Reporting Derivatives under Japanese GAAP, U.S. GAAP and IFRS</b> <b>Bilateral and Cleared Space</b> (Japanese language symposium)	<b>May 30</b>